



State of California
Board of Equalization

Offer-In-Compromise Application

What you should know before preparing an Offer-in-Compromise

Are you an OIC candidate?

The Offer-in-Compromise (OIC) program is for taxpayers/feepayers (hereinafter called taxpayers) that do not have, and will not have in the foreseeable future, the income, assets or means to pay their tax liability. It allows a taxpayer to offer a lesser amount for payment of a **non-disputed final tax liability on a closed-out account. The Board will not entertain an Offer-in-Compromise on an active account.**

Generally, we approve an Offer-in-Compromise when **the amount offered represents the most we can expect to collect within a reasonable period of time.**

Although each case is evaluated based on its own unique set of facts and circumstances, we give the following factors strong consideration in the evaluation:

- The taxpayer's ability to pay
- The amount of equity in the taxpayer's assets
- The taxpayer's present and future income
- The taxpayer's present and future expenses
- The potential for changed circumstances

Can we process your application?

We will only process your Offer-in-Compromise Application if you meet the following criteria:

- You no longer have a controlling interest or association with the business that incurred the liability to which the offer applies, or a related business.
- You have fully completed the Offer-in-Compromise Application, and provided all supporting documentation.
- You have deposited the amount of the offer with the Board of Equalization (Board). This deposited amount will be refunded to you if your offer is denied.

Will we require you to continue payments on an installment payment agreement?

Yes, we will require you to continue making periodic payments as called for in any existing installment payment agreement while your offer is being considered. The Board will strive to process your offer and provide a decision within 90 days of receiving a completed application, documentation and deposit of funds.

Are collections suspended?

In most cases, collection action will be suspended until the Offer-in-Compromise evaluation is completed. However, submitting an offer does not automatically suspend collection activity. If delaying collection activity jeopardizes our ability to collect the tax, we may continue with collection efforts.

When should offered funds be submitted?

You should submit the offered funds at the time your offer is formally considered. You will be notified when your offered amount should be submitted. The funds will be held in the form of a deposit, and will be refunded to you if your offer is denied. Credit interest will not be paid to you on the deposited amount if your offer is denied.

The following documentation must be submitted with your Offer-in-Compromise Application or your application may be returned as incomplete. **Please submit copies only.** We will **not** return any documents that you send us. Additional documentation may be required and requested as the evaluation of the Offer-in-Compromise proceeds.

Check List of Required Items *(check only those boxes that apply)*

- ☐ **Verification of Income**
Pay stubs for the past three months or financial statements for the past two years if you are self-employed
- ☐ **Verification of Expenses**
Billing statements for the last three months *(include copies of charge card statements, bills from other creditors and personal loan statements)*
- ☐ **Bank Information**
Bank statements for savings and checking accounts for the last six months *(If you are self-employed, provide bank statements for the last twelve months. Include any accounts that have been closed)*

Investment account statements showing the value of stocks, bonds, mutual funds and/or retirement or profit sharing plans (IRA, 401K, Keogh, Annuity)
- ☐ **Current Lease or Rental Agreements**
Include all lease agreements, including property where you are the lessor or lessee
- ☐ **Real Property Information**
Mortgage statements and escrow statements for property you currently own, or property you sold or gifted in the last five years
- ☐ **IRS/FTB Information**
Complete copies of Internal Revenue Service (IRS) or Franchise Tax Board (FTB) returns for the past three (3) years

If applicable, copy of IRS or FTB OIC, and acceptance letter or other IRS/FTB arrangements
- ☐ **Legal Documents**
Marital settlement agreements, divorce decrees, marital property settlements, trust documents, and bankruptcy documents
- ☐ **Medical Documentation:**
Physician's letter and/or other documents to show any medical condition that should be considered.
- ☐ **Authorization to Release Financial Information to the Board of Equalization**
This form may be required to allow the Board to verify financial information.
- ☐ **Power Of Attorney**
Power of attorney, if this offer is submitted by a designated representative. A Form BOE-392, *Power of Attorney*, may be used.

Submit your completed and signed application to your designated compliance representative at your local Board office.

If you submit a deposit of the amount offered, designate the payment as a "2B Deposit" on the face of the check. If you submit the application without the deposit, you will be notified when it is required.

If you have questions other than those answered on the last page of this booklet, please contact your local Board office.

If your offer is related to special taxes, submit your application and refer questions to the Special Taxes Department.

Note: Complete all blocks, except shaded areas. Write "N/A" (*Not Applicable*) in those blocks that do not apply.

SECTION 1. PERSONAL INFORMATION

First name	MI	Last name	Social security number	Date of birth

Other names or aliases ever used

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Spouse's first name	MI	Last name	Spouse's SSN	Date of birth

Other names or aliases ever used by your spouse

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Taxpayer's drivers license number	State	Spouse's drivers license number	State

Dependent. *Attach additional pages as needed.*

Dependent's name	Date of birth	Social security number	Relationship

Current address

Phone number: ()

Previous address if at current address less than 2 years

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SECTION 2. EMPLOYMENT INFORMATION

Taxpayer's employer or business (*name and address*):

Business phone number: ()

How long employed: _____ Year(s) _____ Month(s)

Occupation: _____

Wage earner ☐ Sole proprietor ☐ Partner ☐

Paid: Weekly ☐ Biweekly ☐ Monthly ☐ Semimonthly ☐

Spouse's employer or business (*name and address*):

Business phone number: ()

How long employed: _____ Year(s) _____ Month(s)

Occupation: _____

Wage earner ☐ Sole proprietor ☐ Partner ☐

Paid: Weekly ☐ Biweekly ☐ Monthly ☐ Semimonthly ☐

SECTION 3. GENERAL FINANCIAL INFORMATION**Bank Accounts.** *(include IRA and retirement plans, certificates of deposit, etc.). Attach additional pages as needed.*

NAME OF INSTITUTION	ADDRESS	TYPE	DATE OPENED	ACCOUNT NUMBER	BALANCE
TOTAL <i>[enter this amount on line 2, Section 4 (Asset and Liability Analysis)] >></i>					

Vehicles. *Attach additional pages as needed.*

YEAR, MAKE, MODEL, LICENSE NUMBER	LENDER/PINK SLIP HOLDER	CURRENT MARKET VALUE	CURRENT PAYOFF	AVAILABLE EQUITY
TOTAL <i>[enter this amount on line 3, Section 4 (Asset and Liability Analysis)] >></i>				

Life Insurance. *Attach additional pages as needed.*

NAME OF INSURANCE COMPANY	AGENT'S NAME AND PHONE NUMBER	POLICY NUMBER	TYPE	FACE AMOUNT	LOAN/CASH SURRENDER VALUE
TOTAL <i>[enter this amount on line 4, Section 4 (Asset and Liability Analysis)] >></i>					

Securities. *(stocks, bonds, mutual funds, money market funds, securities, etc.). Attach additional pages as needed.*

TYPE	BROKERAGE NAME	OWNER OF RECORD	QUANTITY OR DENOMINATION	CURRENT VALUE
TOTAL <i>[enter this amount on line 5, Section 4 (Asset and Liability Analysis)] >></i>				

Safe deposit boxes rented or accessed. *(locations, box numbers and contents). Attach additional pages as needed.*

NAME OF INSTITUTION	ADDRESS	BOX IDENTIFICATION	CURRENT VALUE OF ASSETS
TOTAL <i>[enter this amount on line 6, Section 4 (Asset and Liability Analysis)] >></i>			

Real Property. *(include a copy of the deed). Attach additional pages as needed.*A) Physical address and description: *(single family dwelling, multi family dwelling, lot, etc.)*

Parcel number:

Mortgage lender's name and address:

How is title held: _____

Purchase price: _____ Purchase date: _____

SECTION 3. GENERAL FINANCIAL INFORMATION *(continued)*B) Physical address and description: *(single family dwelling, multi family dwelling, lot, etc.)*

Parcel number:

Mortgage lender's name and address:

How is title held: _____

Purchase price: _____ Purchase date: _____

C) Physical address and description: *(single family dwelling, multi family dwelling, lot, etc.)*

Parcel number:

Mortgage lender's name and address:

How is title held: _____

Purchase price: _____ Purchase date: _____

Charge cards and lines of credit. *Attach additional pages as needed.*

TYPE OF ACCOUNT	NAME AND ADDRESS OF CREDIT GRANTOR	MONTHLY PAYMENT	CREDIT LIMIT	CREDIT AVAILABLE	AMOUNT OWED
TOTAL					
TOTAL <i>[enter this amount on line 22, Section 4 (Asset and Liability Analysis)] >></i>					

Please provide other information relating to your financial condition. If yes is checked, please provide dates, explanation and documentation. Documentation should cover the last three years.

Court proceedings No ☐ Yes ☐Repossessions No ☐ Yes ☐Anticipated increase in income No ☐ Yes ☐Bankruptcies/Receiverships No ☐ Yes ☐Recent transfer of assets No ☐ Yes ☐Beneficiary to trust, estate, profit sharing, etc. No ☐ Yes ☐Last California Income Tax Return filed Year: Total number of exemptions claimed: Adjusted gross income from return:

If yes, include chapter and date filed:

List any vehicles, equipment, or property sold, given away or repossessed during the past three years. *Attach additional pages as needed.*

DESCRIPTION: YEAR, MAKE, MODEL OF VEHICLE OR PROPERTY ADDRESS	WHO TOOK TITLE OR POSSESSION	VALUE

SECTION 4. ASSET AND LIABILITY ANALYSIS

Immediate Assets

1. Cash	
2. Bank Accounts/Balance <i>(from section 3)</i>	
3. Vehicles/Available Equity <i>(from section 3)</i>	
4. Loan/Cash Surrender value of life insurance <i>(from section 3)</i>	
5. Securities <i>(from section 3)</i>	
6. Safe deposit box value of contents <i>(from section 3)</i>	

TOTAL IMMEDIATE ASSETS >>Real Property *(from section 3)*

	A	B	C
ADDRESS OR LOCATION	CURRENT MARKET VALUE	MORTGAGE PAYOFF AMOUNT	EQUITY
7.			
8.			
9.			

TOTAL EQUITY >>*(Column A minus Column B)*Other Assets *(Please include names and addresses. A separate listing may be attached if necessary.)*

10. Notes	
11. Accounts Receivable	
12. Judgments/Settlements Receivable	
13. Aircraft, Watercraft <i>(please list CF# or hull ID#)</i>	
14. Interest in Trusts	
15. Interest in Estates	
16. Partnership Interests	
17. Other Assets <i>(include description)</i>	
18. Other Assets	
19. Other Assets	
20. Other Assets	

TOTAL OTHER ASSETS >>**21. Sum Total of Assets (Immediate, Equity and Other)**

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Current Liabilities *(Including judgments, notes, and other charge accounts. Do NOT include vehicle or home loans.)*

22. Credit Charges or Lines of Credit (Amount Owed) <i>(from section 3)</i>	
23. Taxes owed to IRS <i>(provide a copy of recent notices)</i>	
24. Taxes owed to FTB	
25. Taxes owed to EDD	
26. Other Liabilities <i>(include description)</i>	
27. Other Liabilities	

TOTAL LIABILITIES >>

SECTION 5. MONTHLY INCOME AND EXPENSE ANALYSIS**Income**

	GROSS	NET	BOE USE ONLY
28. Wages/Salaries (Taxpayer)			
29. Pension (Taxpayer)			
30. Overtime/Bonuses/Commissions (Taxpayer)			
31. Wages/Salaries (Spouse)			
32. Pension (Spouse)			
33. Overtime/Bonuses/Commissions (Spouse)			
34. Business Income (Taxpayer or Spouse)			
35. Rental Income			
36. Interest/Dividends/Royalties (Average Monthly)			
37. Payments from Trusts/Partnerships/Entities			
38. Child Support			
39. Alimony			
40. Unemployment			
41. Disability			
42. Other income <i>(include description)</i>			
43. Other income			

TOTAL INCOME >>**Expenses**

	AMOUNT	BOE USE ONLY
44. Rent/Mortgage (principle & interest only)		
45. Real estate taxes (monthly prorated amount)		
46. Home Insurance: () Association Fees: ()		
47. Groceries, number of people: ()		
48. Utilities		
49. Electric: () & Phone: ()		
50. Gas: () & Water: ()		
51. Trash: () & Sewer: ()		
52. Auto payments		
53. Auto insurance		
54. Gasoline, number of miles to work: ()		
55. Life/Health insurance (if not deducted from your paycheck)		
56. Medical payments (not covered by insurance)		
57. Estimated tax payments (if not deducted from paycheck)		
58. Court ordered payments (alimony, child support, restitution)		
59. Garnishments (if not deducted from your paycheck)		
60. Delinquent tax (non-BOE)		
61. Other expenses <i>(include description)</i>		
62. Other expenses		
63. Other expenses		

TOTAL EXPENSES >>**64. NET DIFFERENCE (Total Income Less Expenses)**

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SECTION 6. THREE YEAR INCOME SUMMARY

Gross Income

Source	YEAR:()	YEAR:()	CURRENT YEAR TO DATE	BOE USE ONLY
Wages/Salaries (Taxpayer)				
Pension (Taxpayer)				
Overtime/Bonuses/Commissions (Taxpayer)				
Wages/Salaries (Spouse)				
Pension (Spouse)				
Overtime/Bonuses/Commissions (Spouse)				
Business income				
Rental income				
Interest/Dividends/Royalties				
Payments from trusts/partnerships/entities				
Child support				
Alimony				
Unemployment				
Disability				
Other income				
Other income				
Other income				
Other income				
Other Income				
TOTALS				

SECTION 7. BASIS FOR THE OFFER

The following facts and reasons are submitted as grounds for acceptance of this offer. *Attach additional pages as needed.*

SECTION 8. SOURCE OF FUNDS

If any or all of the amount being offered is from a loan, please provide the following information:

Lender's name, address and telephone number

Total amount of the loan:

If any or all of the amount being offered is from a gift, please provide the following information:

Gift donor's name, address and telephone number

Total amount of the gift:

Relationship to donor:

Describe sources of offered funds other than a loan or a gift:

If this Offer-in-Compromise is denied, the Board is to:

- ☐ Retain any amount deposited and credit it to the current tax liability.
- ☐ Return the amount deposited.

SECTION 9. OFFER AMOUNT

Amount owed to the Board:

Period(s) of
Liability:

Account number(s):

The sum of:

is offered in compromise. (The Board will instruct you when to mail the offer amount. **You are not required to send the offer amount with the application.**)

It is understood that this offer will be considered and acted upon in due course. It does not relieve the taxpayer(s) of the liability sought to be compromised until the Board accepts the offer and there has been full compliance with all agreements. The Board may continue collection activities in its discretion. The Board may require the taxpayer(s) to sign a collateral agreement that guarantees further payments if the taxpayer(s) income or assets increase in the future.

Except for any amount deposited in connection with this offer, it is agreed that the Board will retain all payments and credits made to the account for the periods covered by this offer. In addition, the Board will retain any and all amounts to which the taxpayer(s) may be entitled under the California law, due through overpayments of tax, penalty or interest, subsequent to the offer being accepted, not to exceed the liability.

It is further agreed that upon notice to the taxpayer(s) of the acceptance of the offer, the taxpayer(s) shall have no right to contest in court or otherwise the amount of the liability sought to be compromised. No liability will be compromised until all obligations of each taxpayer under the compromise agreement or collateral agreement are completely performed. In the event of a default by the taxpayer(s) on the collateral agreement, it is agreed that the Board may disregard the amount of the offer and retain all amounts previously deposited under the offer and proceed to collect the balance of the original liability.

Under penalty of perjury, I declare that I have examined the information given in this statement and all other documents included with this offer and to the best of my knowledge and belief, they are true, correct, and complete.

Your signature

Date

Spouse's signature

Date

Questions and Answers

Q What does the Board of Equalization consider a fair offer in relation to the amount due?

A Generally, an offer will be accepted when the amount offered is more than the Board can expect to collect within a reasonable period of time, typically from 5 to 7 years.

Q How long will it take to get a decision on my OIC?

A Generally, if we accept your offer for processing, we will have a decision to you within 120 days after receiving your offer. If your account is more complex, it may take longer than 120 days.

Q Can I make payments on the offered amount?

A No, we require full payment of the offered amount before we will forward the offer for final consideration.

Q Can prior payments be applied to the offered amount?

A No, prior payments are not accepted towards the offered amount. However, prior payments and the offered amount compared to the total liability are taken into consideration when evaluating your offer.

Q My IRS/FTB OIC has been accepted. Will the Board automatically approve my offer?

A No, your Board offer will be evaluated separately from your IRS or FTB offer, and generally, if the amount of the offer represents the most that we can expect to collect within a reasonable period of time, we will accept your offer.

Q What is a collateral agreement?

A A collateral agreement is a part of most offers that allows the Board to request payment after an Offer-in-Compromise is agreed to and paid if you receive a substantial amount of increased income within a specified period of time (usually 2-3 years). Examples might include an inheritance or lottery winnings.

Q If the Board determines that my offer is not acceptable, will I be contacted?

A We will contact you to discuss your account and to determine the most appropriate resolution. For example, if we determine that you have the ability to make monthly payments that will exceed the amount offered, we will work with you to establish an installment payment agreement.

Q Will state tax liens be released if my offer is accepted?

A We release state tax liens upon final approval of your Offer-in-Compromise. If another partner existed on the permit, that person's liability will not be cancelled nor will the lien be released. A partial release will be issued to release you from the effects of the lien.

Q Do I need to have someone represent me?

A Representation is not required. Offer-in-Compromise is available to all taxpayers, whether or not they are represented. If you think you need representation, there are many tax professionals who have experience with the OIC process.

Q Can I get relief from the tax liability by filing bankruptcy?

A Part or all of your taxes may be dischargeable under the bankruptcy code. If this is a consideration, you may want to seek legal advice.

Q If my offer is rejected, can I choose to apply the deposit to my liability?

A Yes. If you choose to do so, the effective date of the payment is the date the deposit was made. If the deposit was posted by a third party, we must obtain their approval before applying the payment.

Q Will collection action be suspended while my offer is being evaluated?

A Yes, if we are in receipt of a relatively complete application and a deposit of the offered amount. You may also be required to continue payments if you are currently in an Installment Payment Agreement. If delaying collection activity jeopardizes our ability to collect the tax, we may continue with collection efforts.